

Project #205 Checksheet
501(c)(7) Social Clubs – Non-filers

1. Agent's Name _____
2. Group number _____
3. Phone number (____)____-_____

Entity Questions

4. Organization Name: entered by EPP
5. EIN: entered by EPP
6. Tax Period: entered by EPP

a. If you secured a different tax period than the one shown, enter the tax period of the primary return you secured. _____(YYYYMM)

7. Based on information secured during your initial contact, is this organization properly classified as a social club? Yes___ No___

a. If not, what is the correct subsection? (____)(_____)

If you answered "No" to Question # 7, STOP HERE. Do not complete the rest of the checksheet. Return the disk to your manager, to be forwarded to Exam Planning & Projects (EPP).

8. Was the organization active in the year selected for this project? Yes___ No___

If no, enter the last year of activity _____(YYYYMM), and check all that apply:

- a. ___ Terminated
- b. ___ Formally dissolved by board resolution
- c. ___ State was notified of termination or dissolution
- d. ___ Went out of existence, no formal dissolution
- e. ___ Unable to locate
- f. ___ Inactive but not dissolved. Club plans to become active in future.

If you answered "No" to Question #8, STOP HERE. Do not complete the rest of the checksheet. Return the disk to your manager, to be forwarded to Exam Planning & Projects (EPP). See Project Instructions.

The remaining questions should be answered based on your interview of the club officers and your audit of books and records. ***An audit must be completed on books and records on all project cases.*** This case may be worked as an OCEP with your group manager's approval, provided a telephone interview is used to secure answers to non-examination questions. If the organization claims to have gross income below

\$25,000, your audit will focus on verifying that the organization has no filing requirement. You will also need to complete an audit of other issues sufficiently deep in scope to enable you to answer all applicable questions.

9. NTEE Code or Activity code of record: [entered by EPP](#)

- a. If the NTEE Code is incorrect, what should it be?
_____(enter one letter + 2 digits)
- b. If the Activities Codes were incorrect, what should they have been?
____,____,____ (enter 3-digit activity codes, primary, secondary and tertiary)
This question refers to the EDS activity code, not the AIMS activity code.

Note: Form 2363-A must be completed and submitted with the closed case file if any of these EO-BMF data elements are incorrect:

EIN	Activity Code
Primary Name	NTEE code
Current Address	Area Office Code
Affiliation Code	Accounting Period
Group Exemption Number	Filing Requirement Code
Ruling Date	Asset Code
Deductibility Code	Income Code
Organization Code	Status Code
Foundation Code	

Be sure to update the filing requirement if you determine that the organization is no longer required to file the Form 990.

Census Questions

10. What type of information would the club members like to see added to the IRS website?

11. How do officers and board members prefer getting information from the IRS?
(Check all that apply):

- a. ____ Website
- b. ____ Customer Service call-in site
- c. ____ Walk-in site
- d. ____ Publications, brochures, pamphlets
- e. ____ Notices, announcements
- f. ____ Direct Correspondence
- g. ____ Seminars, workshops
- h. ____ EO conferences

12. Would members of the organization be interested in attending an IRS workshop about social clubs, or exempt organizations in general? Yes___ No___

a. If so, what topics would they like to see covered?

13. What is the focus of this organization? (Check all that apply)

- a. ___ Sports (tennis, swimming, golf, bicycling, etc.)
- b. ___ Hobbies (arts and crafts, collecting, books, gardening, etc)
- c. ___ Social (dinner clubs, variety clubs, etc)
- d. ___ Music, theater, dance, etc.
- e. ___ Travel
- f. ___ Animals
- g. ___ Hunting, fishing, shooting
- h. ___ Fraternity/Sorority
- i. ___ Country Club, yacht club
- j. ___ Women's club, men's club
- k. ___ Ethnic, cultural heritage
- l. ___ Other

14. Approximately how many members did the organization have during the primary year under audit?

- a. ___ Less than 50
- b. ___ 51-100
- c. ___ 101-500
- d. ___ 501-1,000
- e. ___ 1,001-5,000
- f. ___ 5,001-10,000
- g. ___ More than 10,000

15. Who prepared the Form 990?

- a. ___ CPA
- b. ___ Attorney
- c. ___ Enrolled Agent
- d. ___ Un-enrolled preparer
- e. ___ Organization officer
- f. ___ Volunteer member of the organization, not an officer
- g. ___ Other

16. Does the organization have a website? Yes___ No___

a. If yes, did the website reveal any noncompliance? Yes___ No___

Organizational Questions

17. How is the club organized?

Corporation ___ or Association___ (check one)

18. How is this organization related to other organizations?

- a. ___ Parent organization, part of a group exemption
- b. ___ Subordinate organization, part of a group exemption
- c. ___ Affiliate, not part of a group exemption
- d. ___ Stand-alone organization

19. Does the club have written by-laws? Yes___ No___

a. If yes, do the by-laws have a provision calling for discrimination in membership? Yes___ No___

b. If the organization has a written policy of discrimination in any document, and you did not propose revocation, BRIEFLY explain why:

20. Have the articles of incorporation or association, or the by-laws, been amended since the organization received its determination letter? Yes ___ No___

a. Have the amendments been reported to the IRS? Yes ___ No___

b. Did the changes result in disqualifying features? Yes___ No___

Operational Questions

21. Were records kept in accordance with Rev. Proc. 71-17? Yes___ No___

22. Did the organization conduct gaming? Yes___ No___
If yes, check all that apply:

- a. ___ Gaming was conducted directly by the club
- b. ___ A promoter conducted gaming activities
- c. ___ Gaming activities were for members only
- d. ___ The club was liable for filing Forms 730 and/or 11-C
- e. ___ The club filed all Forms 730 and 11-C for which it was liable

23. Enter the AIMS disposal code you used, or expect to use, to close the case:_____

a. If the case was closed No Change with Advisory, please give a BRIEF description of the advisory, or send a copy of the closing letter with the survey disk.

24. Did the organization advertise any events open to the general public?
Yes___ No___

25. Did the organization earn gross income from non-member sources and/or investment income totaling in excess of \$1,000 during the year under audit?

Yes___ No___

If the answer to Question #25 is "No", skip ahead to Question #34.

26. What was the source of the non-member income? (Check all that apply)

- a. ___ Rental income
- b. ___ Sales of merchandise
- c. ___ Fees for services
- d. ___ Tickets to club events sold to non-members
- e. ___ Gaming proceeds
- f. ___ Advertising
- g. ___ Other

27. Has the organization incurred continuing UBI losses over the 3 years ending with the year under audit? Yes___ No___

a. If yes, were losses from non-member activities used to offset investment income? Yes___ No___

b. If the answer to Question 22a is "yes", were the losses allowable?
Yes___ No___

28. Did the organization file Form 990-T prior to the audit? Yes___ No___

If the answer to Question #28 is "No", skip ahead to Question #31.

29. Were adjustments made to the Form 990-T as a result of the audit?
Yes___ No___

If the answer to Question #29 is "No", skip ahead to Question #32.

30. What were the reasons for the adjustments to the Form 990-T? (Check all that apply)

- a. ___ Improper expense allocation
- b. ___ Unreported income
- c. ___ Unsubstantiated or non-deductible expenses
- d. ___ Other

If you answered Question #30, skip Question #31 and go directly to Question #32.

31. What reason did the organization give for not filing the Form 990-T voluntarily?
(Check all that apply)

- a. ___ Not aware of F990-T requirements
- b. ___ Relied on tax professional
- c. ___ Incorrectly applied rules on non-member income
- d. ___ Poor record-keeping
- e. ___ Other

32. Was the income from non-member sources more than 15% of gross receipts for the year under audit? Yes___ No___

33. Did the non-member income, together with investment income, total more than 35% of gross receipts for the year under audit? Yes___ No___

a. If yes, did you propose revocation? Yes___ No___

b. If you did not propose revocation, please BRIEFLY explain why :

34. Was there substantial or recurring income from nontraditional business activities, whether from members or non-members? Yes___ No___

35. If the organization had substantial or recurring income from non-traditional business activities, check all sources that apply:

- a. ☐ Long-term room rentals (i.e., studio apartments or time-share arrangements)
- b. ☐ Long-term real estate leasing (vacation property)
- c. ☐ Operating a commercial dance hall
- d. ☐ Funding a private, unrelated lawsuit on behalf of members
- e. ☐ Acting as a savings account for members
- f. ☐ Sales of liquor for off-premises consumption as a primary activity
- g. ☐ Sales of flowers or similar consumables as a primary activity
- h. ☐ Operating a commercial catering business

36. Did the organization have employees? Yes ☐ No ☐

If the answer to Question #36 is "No", skip ahead to Question #39.

37. Did the organization properly file all employment tax returns? Yes ☐ No ☐

If the answer to Question #37 is "Yes", skip ahead to Question #39.

38. What was the reason for the employment tax noncompliance? (Check all that apply)

- a. ☐ Not aware of 941 or 940 filing requirements
- b. ☐ Relied on tax professional
- c. ☐ Incorrectly classified workers
- d. ☐ Incorrect treatment of fringe benefits, other payments
- e. ☐ Other

39. Did you secure a delinquent Form 990 return? Yes ☐ No ☐

40. If the answer to Question #39 was yes, what was the reason given by club officers for failing to file the Form 990 in a timely manner? (Check all that apply)

- a. ☐ Thought gross receipts were under \$25,000
- b. ☐ Erroneously used net receipts to determine whether filing was required
- c. ☐ Thought a return was filed
- d. ☐ Change in officers
- e. ☐ High volunteer turn-over
- f. ☐ Poor record keeping
- g. ☐ Relied on tax professional
- h. ☐ Other

41. If the answer to Question #39 was "No", were gross receipts under \$25,000 in the year(s) in question?

42. If other delinquent returns were secured, please check all that apply:

- a. ☐ 990-T
- b. ☐ Prior year delinquent 990
- c. ☐ 941
- d. ☐ 940
- e. ☐ 945
- f. ☐ 1099
- g. ☐ 730
- h. ☐ 11-C

Thank you for completing the checksheet and participating in this project. Look for the results of the study in the EPR newsletter and the TE/GE website. Please return the disk to your manager as soon as you are able to respond to the questions with reasonable assurance.